

Statement Regarding

**THE REAUTHORIZATION
OF THE FARM BILL**

Field Hearing of the Committee on Agriculture

**THE HONORABLE ROBERT W. GOODLATTE
CHAIRMAN**

PRESENTED BY

**ROBERT SHIPLEY
President
Squab Producers of California
MODESTO, CALIFORNIA**

**Vice Chairman
California Poultry Federation
MODESTO, CALIFORNIA**

**Friday, March 3, 2006
Stockton, California**

Good afternoon. Thank you Chairman Goodlatte and committee members for the opportunity to present the views and recommendations of the California Poultry Federation (CPF) regarding reauthorization of the farm bill. This is an extremely important and timely issue to California agriculture, and the state's diverse and dynamic poultry industry appreciates the opportunity to be here today. Your efforts to reach out and solicit views from poultry producers, processors and growers mean a lot to our industry and to me.

My name is Robert Shipley. I am President of Squab Producers of California, which is the largest Squab cooperative in the world, and our 80-grower-members and I produce almost 1 million squabs a year that are shipped to various ethnic markets and white table cloth restaurants throughout the United States and North America. We also produce chicken and other specialty poultry and game for consumption at major restaurant destinations in this country and Canada. We have been in operation serving the California agricultural community since 1943.

I am also Vice Chairman of the California Poultry Federation (CPF), representing the state's entire chicken, turkey, duck, game bird and squab industry. Our members are the largest producers of chicken and turkey in the Western United States. The CPF is also the home of the California Poultry Health Board, which administers the National Poultry Improvement Plan, which has now become more important than ever in our quest to keep major diseases outside of America.

We would like to work with your committee particularly in the areas of:

- Rural Development
- International trade
- Research
- Conservation

A.I. AND DISEASE SURVEILLANCE AND OUTREACH IMPORTANT

California's position as a Pacific Rim and South American trading partner, combined with the State's large, diverse and mobile ethnic population, and the Pacific flyway compound the risk of highly pathogenic avian influenza (HPAI) or exotic Newcastle Disease (END) being introduced into large populations of broilers, layers, turkeys and specialty poultry species in this state. Southern California experienced a deadly outbreak of END in 2002, and we are all hearing a lot about the present Bird Flu epidemic in Asia, and its spread into Europe and Africa. California poultry producers, private practice veterinarians and university faculty have joined efforts with Federal and State officials to reduce the risk of introduction of HPAI or END, and establish strategies for detection and response to these diseases should they evade disease barriers. The approach to protect California's poultry is multi-faceted. Disease surveillance plays a major role along with bio-security, risk communication and education, and market protection.

The CPF has used its matching grants from the USDA to provide smaller producers opportunities to increase biosecurity and disease prevention on their farms. The United States Department of Agriculture's Rural Development program has helped the California industry to reach out to its smaller producers providing education, training and development on disease prevention. This outreach program, including biosecurity summits, educational materials, signage, and large and small group specialized curriculum, has successfully served multiple ethnic groups as we have been able to provide training and materials in diverse languages and formats.

The CPF and its members have worked closely with the USDA and the California Department of Food and Agriculture in developing and implementing training and surveillance programs for live bird markets in both urban and rural communities, which includes extensive statewide farm and processing plant testing. Continuation of such outreach programs is critical.

AGRICULTURAL EXPORTS VITALLY IMPORTANT

U.S. agricultural exports are estimated to have been more than \$63.5 billion during 2005, a large and significant amount by any measure. These exports of \$63.5 billion compare with an estimated \$60 billion of agricultural imports, thus providing a positive trade balance of \$3.5 billion. Increasing agricultural exports can help move the United States toward better balancing the large, overall trade imbalance that our country has with the rest of the world.

Each farm export dollar stimulates an additional \$1.48 in economic activity, according to a recent Economic Research Service (ERS)/USDA study. Also, each one billion dollars of agricultural exports adds more than 13,400 full-time civilian jobs, of which 7,100 jobs are in the non-farm sector. It is also important to note that exporting value-added products, such as poultry, when compared with bulk agricultural commodities, generates even greater economic activity and employment. ERS found value-added exports contributed about 16 percent more economic activity than bulk, agricultural commodity exports. Similarly, employment expanded significantly (more than 22 percent), compared with non-value added farm exports.

While many of us recognize the vital importance of agricultural exports to our farm economy and overall U.S. economy, I believe this brief discussion helps remind us of the positive nature of exports and helps set the stage for my recommendations for provisions in the new farm bill.

A good farm bill that allows U.S. poultry producers/processors to stay competitive in the United States and abroad will help provide the support and business environment for our farms and processing facility, other poultry farms, and agribusiness companies to continue to grow and thrive. The current farm bill authorization expires in 2007, which is not far away. It is important that your committee continue its timely work so that action on the new farm bill is not delayed, because federal budget pressures will not go down in future years. USDA will have to administer and manage a smaller budget for agriculture,

and the new farm bill will need to recognize that and be compatible with the outcome of the World Trade Organization (WTO) negotiations.

THINK ABOUT FARMS RATHER THAN COMMODITIES

Since the challenges to meet budgetary and international trade obligations will probably be greater in the future, it may be time to think more broadly in terms of crafting a new farm bill. For example, many commodity price support programs are considered safety nets that provide some assurance that a farmer's income will be protected in the event the marketplace cannot provide the sufficient and necessary financial support. Perhaps it is time to think about providing a safety net for a farmer's income rather than providing a safety net for individual commodities. Such an approach would give greater flexibility to a farmer's production decisions and options. It would also appear to be more compatible with the likely outcome of the current WTO negotiations.

Such a shift in approach away from specific commodity support programs to programs which provide whole farm security tied to improving the environment, conserving resources, and saving and/or generating energy on-farm deserves a full hearing. If such beneficial programs are voluntary, incentive-based, and offer better risk management options, it seems very appropriate to consider a new farm bill that contains such provisions.

POULTRY GROWS IN COMPETITIVE ENVIRONMENT

Poultry is a major user to feed grains and oilseeds, perhaps the major user when chicken, eggs, turkeys, and other poultry are added together. It is vitally important that producers of corn, soybeans, and similar crops receive a fair and stable return for their efforts, resources, and risks. At the same time, it is also vitally important that the U.S. poultry companies and other U.S. animal agriculture producers be able to purchase corn, soybeans and other necessary feed ingredients at price levels that allow us to be cost-competitive at-home and abroad.

The best way to help ensure cost-competitiveness is encouraging sufficient cropland to meet feed grains/oilseeds users needs for domestic and export, both now and in the future. There is a need, driven by market demand, to bring additional farmland back into agricultural production. With continuing loss of land to urbanization around major cities and the large amount of farmland currently enrolled in the Conservation Reserve Program (CRP) that is not highly erodible, the ability of U.S. agriculture to expand crop acreage is severely limited. This limitation will only grow more serious as a result of increased demand for grains and oilseeds from legislative mandates for ethanol and biodiesel production in coming years, as well as the growing number of other products produced from corn and soybeans. With the always present risk of drought and crop diseases such as soybean rust, this limitation on expanding crop acreage within the United States raises questions about U.S. ability to remain a dependable, stable, long-term supplier of grains and oilseeds for domestic and global customers.

In light of these factors it is important that new farm legislation provide for USDA to keep as much flexibility as possible in administering the CRP in order to respond to

market needs. USDA should extend only those contracts on expiring acreage that have the highest Environmental Benefits Index (EBI), require all other expiring contracts to compete for re-enrollment to ensure only the most environmentally-sensitive acres are enrolled, and place greater emphasis on improving water quality, which, according to USDA's own assessment, currently represents only 8 percent of the non-market benefits of enrolled CRP acreage. In addition, many young farmers who want to expand their operations lack adequate opportunities to do so when the CRP overly curtails their ability to farm good productive land.

ANIMAL INDUSTRY VOLUNTARY STANDARDS ARE HIGH

Members of the poultry industry take pride in operating our farms in a manner that serves the American consumer well, with the most affordable and safe foods available anywhere in the world. The US poultry industry including both meat and eggs segments have developed highly successful voluntary standards and monitoring plans for animal welfare. These voluntary national standards have been universally accepted as the foundation to assure U.S. poultry is grown in a humane and responsible manner. Our industry understands the expectations of the American consumer as they relate to treatment of farmed poultry; we understand that animals without stress perform best; we have initiated effective voluntary programs for animal welfare; and I am proud to be part of an industry that is acting voluntarily and responsibly. In addition, the Farm Bill, as omnibus legislation, should not be a vehicle for any narrowly scripted or highly restrictive special interest initiatives in these or any other areas.

CHALLENGES AND OPPORTUNITIES ABOUND

Western poultry producers/processors join our poultry colleagues across America in looking forward to working with the committee to help craft a new farm bill that does not just meet the current challenges and opportunities but also sets the foundation for generations of America farmers to enjoy the success of an expanding world demand for food and fiber.

Thank you for this opportunity to share some of our thoughts and recommendations from the California Poultry Federation, as well as the thousands of poultry growers, producers and processors throughout this country.